

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 17 – HB 115

April 14, 2015

SUMMARY OF ORIGINAL BILL: Requires a person with an intellectual disability who is on the waiting list for services to be enrolled in the self-determination waiver within six months of the person's older custodial parent or caregiver attaining the age of 75.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$3,437,600/FY15-16
\$4,315,900/FY16-17
Exceeds \$4,315,900/FY17-18 and Subsequent Years

Increase Federal Expenditures - \$6,393,900/FY15-16
\$8,027,600/FY16-17
Exceeds \$8,027,600/FY17-18 and Subsequent Years

SUMMARY OF AMENDMENT (006387): Increases the age of the individual's older custodial parent or caregiver to 80 years old.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$1,136,500/FY15-16
\$1,444,900/FY16-17
Exceeds \$1,444,900/FY17-18 and Subsequent Years

Increase Federal Expenditures - \$2,113,800/FY15-16
\$2,687,500/FY16-17
Exceeds \$2,687,500/FY17-18 and Subsequent Years

Assumptions for the bill as amended:

- The Department of Intellectual and Developmental Disabilities (DIDD) does not have data regarding the age of the parents or caregivers of individuals on the waiting list for services.
- Based on information provided by DIDD, the department estimates that approximately 130 individuals on the waiting list currently have a parent or primary caregiver who is 80 years of age or older. This includes everyone on the waiting list in the crisis and urgent categories who is at least 60 years old.

- The average cost per person per day for the self-determination waiver is \$55.95 resulting in an increase in expenditures of \$2,654,828 (130 people x \$55.95 per day x 365 days) in FY15-16.
- It is estimated that on average, nine percent (9%) of individuals between the ages of 60-69 or a total of 21 additional individuals throughout the year will meet the proposed requirements and be enrolled in the self-determination waiver. It is estimated that these individuals, on average, will be enrolled in services for at least 183 days in FY15-16 resulting in expenditures of \$215,016 (21 people x \$55.95 per day x 183 days).
- The self-determination waiver does not provide full residential services and has a total spending cap so there are transfers to the statewide waiver each year. Last year approximately 5.1 percent of the people transferred to the statewide waiver. Due to the population of the waiting list that will be impacted by the bill, it is estimated that a slightly higher percent (5.5%) will transfer resulting in eight individuals [(130 + 21 = 151) x .055] transferring onto the statewide waiver in the second year. This waiver has an average cost of \$207.04 per person per day resulting in an increase in expenditures of \$604,557 (8 people x \$207.04 per day x 365 days) in FY16-17.
- The remaining 143 individuals (151 – 8) will remain on the self-determination waiver resulting in increased expenditures of \$2,920,310 (143 people x \$55.95 per day x 365 days) in FY16-17.
- Approximately nine percent (9%) of the waiting list between the ages of 60-69 will qualify for the self-determination under the provisions of the bill throughout the second year resulting in an additional 19 individuals receiving 183 days of services. The estimated increase in expenditures will be \$194,538 (19 people x \$55.95 per day x 183 days) in FY16-17.
- It is assumed that these individuals will attain Medicaid eligibility by virtue of their enrollment in the self-determination waiver. According to the Bureau of TennCare, the average cost per person per year is \$2,707.93.
- The increase in expenditures to the TennCare program in FY15-16 for 130 initial enrollees and 21 additional enrollees throughout the year are estimated to be \$380,464 [(130 x \$2,707.93) + (21 x (\$2,707.93 x .50))].
- The increase in TennCare program expenditures for the 143 enrollees from year one and an additional 19 enrollees in the waiver in FY16-17 are estimated to be \$412,959 [(143 x \$2,707.93) + (19 x (\$2,707.93 x .50))].
- The waiver and Medicaid expenses will receive a federal match rate estimated to be 65.035 percent. For purposes of this estimate, it is assumed that the federal match rate will remain constant. The state funding will be 34.965 percent.
- The total costs in FY15-16 are estimated to be \$3,250,308 (\$2,654,828 + \$215,016 + \$380,464). Of this amount, \$1,136,470 (\$3,250,308 x .34965) will be state funds and \$2,113,838 (\$3,250,308 x .65035) will be federal funds.
- The total costs in FY16-17 are estimated to be \$4,132,364 (\$604,557 + \$2,920,310 + \$194,538 + \$412,959). Of this amount, \$1,444,881 (\$4,132,364 x .34965) will be state funds and \$2,687,483 (\$4,132,364 x .65035) will be federal funds.
- The state and federal expenditures for this bill will continue beyond FY16-17, but due to a number of unknown factors, including but not limited to, the rate of fluctuation for individuals to transfer onto or out of the self-determination waiver, the cost per day variations, and the federal matching rate in the out years, an exact impact cannot be

determined. It is estimated that any increase in expenditures in FY17-18 and subsequent years will exceed \$1,444,881 in state funds and exceed \$2,687,483 in federal funds.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

/kml